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The Commonwealth of Massachusetts

ANNUAL REPORT

OF THE

BOSTON FINANCE COMMISSION

FOR THE

YEAR ENDING JANUARY 31, 1921



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CONTENTS.

	PAGE
Organization of the Commission,	7
Appropriation and Expenditures,	7
Work of the Commission,	8
The Year's Record,	12

The Commonwealth of Massachusetts

REPORT OF THE FINANCE COMMISSION.

BOSTON, MASS., Jan. 31, 1921.

To the Honorable the Senate and House of Representatives in General Court assembled.

In accordance with section 18 of chapter 486 of the Acts of 1909, the Finance Commission submits herewith its report for the year 1920-21.

1. ORGANIZATION OF THE COMMISSION.

There has been a change in the personnel of the Commission this year, George A. Flynn, chairman, having been appointed by the Governor a justice of the Superior Court, Michael H. Sullivan was appointed to fill his unexpired term on March 17, 1920, and assumed office on March 24, 1920.

Increases of salary have been granted during the year to the staff of the Commission, as follows:—

Counsel (year),	\$300 00
Investigator (year),	250 00
Stenographer (year),	200 00
Stenographer (year),	200 00

2. APPROPRIATIONS AND EXPENDITURES.

The Commission requested and was granted the statutory appropriation of \$30,000, and later in the year requested an additional appropriation of \$9,000 for the purpose of making a study of existing pension systems in Boston, which was allowed by the city council and approved by his honor the mayor on Jan. 25, 1921.

The expenditures of the Commission during the year were as follows:—

Total net appropriation, \$30,000 00

Expenditures:—

Salaries, permanent employees,	\$19,162 50
Salaries, temporary employees,	1,210 03
Printing and binding,	283 03
Postage,	161 56
Transportation,	62 00
Light,	60 93
Rent,	4,408 77
Communication,	325 15
Cleaning,	36 00
Experts' services,	3,064 79
Fees, service of venires, etc.,	73 50
General plant,	42 44
Office equipment,	193 70
Library equipment,	116 27
Office supplies,	775 33
Ice,	24 00
	<hr/>
	\$30,000 00

3. WORK OF THE COMMISSION.

During the year the Commission has held 37 meetings; there have been 102 hearings, and 161 witnesses have been examined in various investigations and matters affecting the interests of the city of Boston.

The Commission has issued 69 reports and communications, of which 23 were published and 46 unpublished.

The published reports were as follows:—

1920.

- Feb. 4. The Mayor. — Regarding the purchase of non-asphaltic road oil by the city.
- Feb. 11. The General Court. — Regarding further increase of Boston's tax limit.
- Feb. 11. The Mayor. — Regarding probation officers.
- Feb. 27. The Mayor. — Regarding increases of salaries to employees of the city council.
- Feb. 28. The Mayor. — Regarding number of supervisory and productive employees in the public works department.

1920.

- Mar. 8. Committee on Municipal Finance. — Regarding House Bill No. 949, providing for the building of an autoway from Scollay Square to Commonwealth Avenue.
- Mar. 12. The Mayor. — Regarding the shops of the public works department.
- Mar. 16. The Senate. — Regarding the \$5,000,000 bill for improvements at the North End.
- June 2. The Mayor. — Regarding changes in plans of the Arlington station of the Boylston Street subway.
- June 14. The Mayor. — Regarding the connection of John A. O'Shea, director of music in the public schools, with the sale of pianos to the city by M. Steinert & Sons Company.
- June 30. The Mayor. — Recommending uniform policy of disapproving the acceptance of special acts for payment of gratuities to relatives of deceased city employees.
- July 16. The Mayor. — Regarding award of contracts to other than the lowest bidder, methods of inspection, etc., by the school-house department.
- July 23. The Mayor. — Regarding the opinion of the corporation counsel and the action of the mayor in regard to the payment of gratuities to relatives of deceased city employees.
- Aug. 6. The Mayor. — Regarding the paving of Smith, Conant and Parker streets.
- Aug. 13. The Mayor. — Second report regarding John A. O'Shea.
- Aug. 18. The Mayor. — Second report regarding the paving of Smith, Conant and Parker streets.
- Aug. 24. The Mayor. — Regarding the condition of the city's streets.
- Sept. 30. The Mayor. — Regarding the transmitting of the Commission's report on the John A. O'Shea matter to the district attorney.
- Oct. 13. The Mayor. — Regarding the editorial in the "Boston Herald" of Sept. 18, 1920, in relation to the alleged reply of the mayor to the report of the Commission on the condition of the city's streets.
- Oct. 28. The Mayor. — Regarding the contract with the Rowe Contracting Company for paving a portion of Centre Street, West Roxbury.
- Nov. 26. The Mayor. — Second report regarding the paving of Centre Street and other streets in West Roxbury.
- Dec. 3. The Mayor. — Regarding contractors' reasons for not submitting bids for city work.
- Dec. 6. The Mayor. — Regarding the school committee's petition to the special session of the General Court for increased appropriating power.

The unpublished reports are as follows: —

1920.

- Feb. 11. Chairman of Committee on Public Service. — Opposing passage of Senate Bill No. 109, providing for an additional clerk in the office of the clerk of the Superior Criminal Court.
- Feb. 11. Chairman of Committee on Public Service. — Opposing passage of House Bill No. 556, establishing salaries of court officers of Charlestown Municipal Court at \$1,900 per annum.
- Feb. 17. Committee on Cities. — Regarding pension legislation.
- Feb. 17. The Chairman, Committee on Social Welfare. — Regarding Senate Bill No. 316, and petitions for non-contributory pensions.
- Mar. 5. Committee on Legal Affairs. — Regarding House Bill No. 1043, providing that all findings of the Finance Commission be made public.
- Mar. 9. Senate Committee on Ways and Means. — Regarding salaries of prison van drivers.
- Mar. 10. Committee on Municipal Finance. — Regarding Senate Bill No. 302, for the extension of Stuart Street.
- Mar. 10. Committee on Public Service. — Regarding salaries of probation officers.
- Mar. 13. Commissioner of Public Works of Boston. — Regarding specifications and contract for iron castings.
- Mar. 26. The Mayor. — Approving the award of contract for repairing the steamer "George A. Hibbard" without advertising.
- Apr. 6. The Mayor. — Regarding the work done under the contract for resurfacing South Huntington Avenue, and type of bituminous pavement which should be used on the city's streets.
- Apr. 17. The Mayor. — Regarding condition of the ferryboat "Noddle Island."
- Apr. 21. Committee on Counties. — Second report on Senate Bill No. 360, providing for appointment of additional clerk in office of clerk of Superior Criminal Court.
- Apr. 26. The Mayor. — Report on repairs to the steamer "George A. Hibbard."
- Apr. 26. The Mayor. — Regarding acceptance of chapter 179 of the Acts of 1920, providing for pensioning foremen, inspectors and others.
- Apr. 27. Senate Committee on Ways and Means. — Opposing passage of Senate Bill No. 492, increasing salaries of county employees.
- Apr. 29. The Mayor. — Regarding fees paid by outside persons to city elevator inspectors for night work.
- May 7. The Mayor. — Regarding proposed change from monotype to linotype machines at the city printing plant.

1920.

- May 7. The Mayor. — Regarding the award without advertising of contract to John Farquhar's Sons, Inc., for repair of roof of Public Library.
- May 18. The Governor. — Regarding House Bill No. 1600, providing for increased membership in city council.
- May 20. The Mayor. — Regarding the advisability of installing oil-burning apparatus in City Hall Annex.
- May 22. The Mayor. — Regarding the advisability of granting leave of absence with pay to Jeremiah J. Crowley.
- May 25. The Mayor. — Regarding proposed study by the Finance Commission of pension systems for city and county employees.
- June 9. The Mayor. — Regarding change of method for figuring on schoolhouse work.
- June 19. The Mayor. — Regarding taxation of cab stands.
- July 30. The Mayor. — Regarding award of city concession at the Head House, South Boston, to a city employee.
- Aug. 4. The Mayor. — Regarding increased salaries for probation officers.
- Aug. 5. The Mayor. — Regarding award of contract for erection of greenhouses at Franklin Park.
- Aug. 9. The Mayor. — Regarding loan order for fire protection at Long Island, in the sum of \$105,000.
- Aug. 10. The Mayor. — Regarding award of contract for construction of two ferryboats.
- Sept. 24. The Mayor. — Regarding length of absence with pay allowed city employees.
- Sept. 28. The Mayor. — Regarding bill of Hodge Boiler Works for repairs on court house boilers.
- Oct. 1. The Secretary to the Governor. — Regarding the mayor's request to the Governor to include in the call for a special session of the Legislature a petition to borrow \$800,000 outside the debt limit of Boston for a new draw for Chelsea south bridge.
- Oct. 7. The Superintendent of the City Hospital. — Regarding advisability of leasing land adjoining Haymarket Square Relief Station.
- Oct. 9. The Mayor. — Second report regarding bill of Hodge Boiler Works for work on boilers at the court house.
- Oct. 14. The Mayor. — Regarding the purchase and sale of cows by the consumptives' hospital department.
- Oct. 19. The Mayor. — Regarding proposed sale by the city to the Commonwealth of certain flats adjoining Wood Island Park.
- Oct. 22. The Mayor. — Regarding the acceptance of the act providing for two platoons in the Boston fire department.
- Nov. 4. The Mayor. — Requesting a copy of the mayor's instructions to the experts engaged by him to investigate the paving work on portions of Centre Street, West Roxbury.

1920.

- Nov. 6. The Mayor. — Submitting questions at the mayor's request to be propounded to the experts on the paving of Centre Street, West Roxbury.
- Nov. 12. The Commissioner of Civil Service. — Regarding the qualifications of Margaret Foley and of John L. Kelley for the position of deputy commissioner of institutions.
- Nov. 20. The Mayor. — Enclosing formal report on the present condition of the cemetery department.
- Nov. 30. The Recess Committee on Pensions. — Regarding the advisability of further pension legislation.

1921.

- Jan. 8. The Mayor. — Regarding the form of contract and specifications now in use for the collection of refuse in certain districts of Boston and the need for changes in the same.
- Jan. 20. The Mayor. — Regarding increased efficiency of service to be obtained by the installation of a telephone switchboard at the Suffolk County Court House.
- Jan. 28. The Mayor. — Regarding the payment of extra compensation to employees of the city clerk's office on the first of January, the same not being placed on the pay roll but paid by bills.

4. THE YEAR'S RECORD.

(a) CONSOLIDATION AND ABOLITION OF DEPARTMENTS.

On December 24 the Suffolk School for Boys at Rainsford Island, the abolition of which the Finance Commission has advocated for the last ten years, was closed. Hereafter delinquent boys of Boston will be sent to the Shirley and the Lyman schools, and the city will be relieved of the expense of maintaining a separate institution for them.

The Suffolk School for Boys has cost the city at least \$85,000 a year, the greater part of which will now be saved. Besides this, the city will avoid the expenditure of \$150,000 for a building which would have been necessary if the Suffolk School had been continued. Moreover, the cruelty of confining boys on a very small island will be rendered unnecessary.

This transfer could not have been accomplished without the co-operation of the present institutions commissioner, Thomas C. O'Brien.

On November 10 the cemetery department was consolidated with the park and recreation department, under the name of the park department. This consolidation was recommended by the Finance Commission after investigating the cemetery

department. This consolidation has resulted in the abolition of the positions of superintendent of cemeteries and superintendent of baths in the old park department, each at \$3,000 a year. The duties of these two officials are now performed by one deputy commissioner of the park department at a salary of \$3,500. The position of stenographer at Mount Hope Cemetery, at \$1,000 a year, was also abolished.

Besides this saving, the award of a contract for the erection of greenhouses at Franklin Park will not be necessary for the present, as the greenhouses at Mount Hope Cemetery have been found suitable for the needs of the department; thus, a further sum of \$34,000, the cost of the proposed greenhouses in Franklin Park, will be saved. There are further savings to be made by the park commissioners, who are now making a survey to that end.

(b) FURTHER SAVINGS RESULTING FROM THE RECOMMENDATIONS OF THE COMMISSION.

Five large savings were made as follows.

In June the public works department advertised for bids for the construction of two new ferryboats. The three lowest bidders were as follows:—

	For One Ferryboat.	For Two Ferryboats.
Winnisimmet Ship Yard, Inc.,	\$335,000 00	\$655,000 00
Groton Iron Works,	379,950 00	743,840 00
Bath Iron Works,	387,000 00	740,000 00

The commissioner of public works desired to award the contract for both boats to the second lowest bidder, which would have cost the city \$85,000 more. The Finance Commission recommended that the lowest bidder be awarded the contract. The mayor made a compromise award, on the ground that an earlier delivery of the two boats would result from two firms building but one boat each, and awarded the contract for one boat to the Winnisimmet Ship Yard, Inc., and the contract for the other to the Groton Iron Works, thus making a saving of approximately \$25,050.

In the summer the park and recreation department was prepared to award a contract, without advertising, for building greenhouses at Franklin Park for the sum of \$41,000. The following private bids were received:—

Hitchings & Co.,	\$41,000 00
Lord & Burnham Company,	50,865 00
King Construction Company,	53,888 10
William H. Lutton Company,	96,897 00

The Finance Commission protested against such procedure and urged the preparation of plans and specifications for advertised bids. The mayor favored the Finance Commission's recommendation, and, as a result of public competition, the following bids were received:—

King Construction Company,	\$34,000 00
Hitchings & Co.,	36,503 00
Lord & Burnham Company,	42,000 00

Meanwhile, on the recommendation of the Finance Commission, the cemetery department was merged with the park and recreation department. This consolidation made available to the park department the greenhouses of the cemetery department, which are ample for the present to serve the need of the combined departments; thus, there would have been a saving of \$7,000 without the merger; with the merger there was a saving of \$34,000.

In September the mayor requested the Governor to include in his call for a special session of the Legislature a petition of the city for authority to borrow \$800,000 outside the debt limit, for the purpose of constructing a permanent draw in the Boston and Chelsea bridge over the south channel of the Mystic River. The Commission, at the request of the Governor, studied the necessity of this appropriation and recommended that the mayor's request be denied. The finding of the Commission was based on the fact that the city of Boston had spent \$35,344 on repairs of the draw last year (1920) so as to defer the need for a new draw for three years, and on the further facts that the cities of Chelsea and Revere were by statute liable for at least \$200,000 of the cost of a new draw, and that the city of Chelsea

then owed Boston \$230,000 on the cost of another bridge. The Finance Commission therefore reported that, with the sum of \$430,000 available from the adjoining communities, combined with the fact that the temporary draw would last at least three years longer, there was no need to borrow outside the debt limit such a large sum as \$800,000. The Governor acted in accordance with the Finance Commission's recommendations.

In September the Department of Public Works of the Commonwealth submitted a tentative agreement to the mayor to transfer to the Commonwealth certain under-water flats, 103 acres in extent, belonging to the city and contiguous to Wood Island Park, in consideration of the State dredging a channel along the Wood Island Park bathing beach. The cost of the dredging would not have been more than \$75,000, and this cost would probably have been reduced by the value of the dredged material taken from the channel. The present value of the flats is uncertain, but inasmuch as the Commonwealth has paid \$579,734.11 to the East Boston Company for 170 acres of flats adjoining the area in question, the value of the city's property should be greater than the consideration offered. Furthermore, if such a conveyance had been made by the city, it would have been necessary for the city to spend \$1,000,000 to extend the sewerage outlets, so that they would not be blocked by the filling of the flats between Jeffries Point and the southerly end of Wood Island Park.

On Dec. 11, 1919, the Finance Commission received from the division engineer of the bridge and ferry division of the Public Works Department a report on the condition of the ferry-boat "Noddle Island", advising that the boat be stripped of whatever material might be of value and the hull and engines disposed of as junk. The statements and opinions in the report were based on an examination made by subordinates of the ferry division. The Finance Commission did not agree with the conclusions of the division engineer and recommended that a board of expert marine surveyors be employed to make an exhaustive examination and report.

This recommendation was adopted, and on April 13, 1920, the report of the experts was forwarded by the mayor to the Finance Commission. This report confirmed the opinion of the division engineer, adding that it would be impossible to

secure contractors to make repairs on the boat, except on a cost plus basis. The Finance Commission refused to approve these recommendations unless it were proved that bids could not be secured for repairing the boat. Bids were secured. The work is now substantially completed, at a cost of approximately \$155,000.

According to statements issued by city officials, the boat is to all intents and purposes a new boat. As the cost of construction of a new boat would be approximately \$350,000, it is apparent that the city has saved approximately \$200,000 by adopting the Finance Commission's recommendation, which was made contrary to the recommendation of the city officials and the special committee appointed by the mayor. In addition, the city has secured a boat for use at a much earlier date than a new boat could have been secured.

(c) PRACTICE UNDER THE SEGREGATED BUDGET.

The preparation of the budget is in the hands of the mayor, who delegates the actual work to the budget commissioner. After the department estimates are submitted, the budget commissioner, the city auditor, the mayor, or a representative of the mayor, comprise a committee to hear the reasons given by the department heads for their estimates. This committee reports its findings to the mayor, which he may or may not have to modify to meet his own conclusions.

When the mayor is thus informed and decides what the budget shall be, it is his duty under the charter amendments to submit it to the council, and such supplementary budgets as may be necessary, until such time as the tax rate for the year shall have been fixed.

The totals of the budget and the supplementary budgets cannot be increased by the council, but may be reduced. The council cannot originate a budget or any item of a budget. The intent of the charter amendments is to charge the mayor with fixing the maximum of the budget and supplementary budgets and to confine the council to either approving these maxima or reducing them.

Actual increases, however, in the budget totals, made by the council during the present administration, are shown in

the table below. The only way that such increases could have been made is by the council originating items for the budget, contrary to the charter provisions, or enlarging those that were already in the budget with the approval of the mayor. It is possible for the council under the charter provisions, with the approval of the mayor, to increase an item already in the mayor's budget. As soon, however, as the mayor gives his approval in this manner to increases of items in the budget, without filing a supplementary budget, the responsibility of the mayor for originating the budget is lost. The public has a right to know whether the budget actually originates with the mayor, as required by the charter, or with the council, contrary to the charter. Since the duty is clearly put upon the mayor to originate the budget, every increase from the time the council receives the budget until it is approved should be shown in a supplementary budget. Under the present administration it is impossible to know whether the mayor's action in increasing the budget total came as an approving act, correcting some omission made in the budget as originally presented by him, or whether it was the result of pressure from or compromise with the council.

For instance, last year the first budget submitted by the mayor was returned by the council \$318,035.60 greater than when originally submitted by the mayor. The mayor approved this increase, but the public does not know whether this large sum was left out of the original budget by mistake on the part of the mayor, or was approved by the mayor because of information not available when he made up his budget, or whether it was the result of a compromise resulting from pressure exerted by the city council in favor of the purposes for which this additional amount was to be expended. It is this last possibility that makes the practice dangerous, because it conceals from the public the mayor's real position and attitude regarding these increases. Therefore it would seem that the theory and intent of section 3 of the charter amendments of 1909 can only be carried out clearly and effectively by the mayor submitting his budget and refusing to have it increased, but making all corrections and additions by the submission of a supplementary budget or budgets.

YEAR.	Mayor's Budget.	Council's Budget.	Reduction by Council.	Increase by Council.
1916,	\$23,660,531 79	\$22,882,672 67	\$777,859 12	-
1917,	25,053,461 05	24,666,787 50	386,673 55	-
1918,	27,028,019 23	27,066,774 47	-	\$38,753 24
1919,	29,365,007 51	29,374,081 12	-	8,974 61
1920,	32,091,345 74	32,409,381 34	-	318,035 60

This table is also of interest in showing the attitude of the mayor and council toward each other in the matter of economizing for the city. In the earlier years the council actually reduced the budget submitted by the mayor. In the last three years the mayor appears to have been unsuccessful in preventing the council from actually increasing his budget.

(d) SCANDALS IN MUNICIPAL ADMINISTRATION.

The Commission made four investigations involving charges against officials and employees of the city. In two cases they involved officials of city departments and in two other cases subordinate employees. The details of these cases may be found in the reports which the Commission issued last year.

As a result of the first report, one city official in the art department was requested by the mayor to resign. Another official in the school department, involved in the same transaction, although found guilty by the school committee of a violation of the law made criminal under the charter, was not disturbed in his position, but recently had his salary increased. The act of the mayor in securing the resignation of the official under his control and involved in this transaction is commendable and inspires a higher standard of loyalty in the city's service. The failure of the school committee to take similar action can hardly fail to have exactly the opposite effect, and over a wider field.

A third city official was discharged on November 10 as a result of another report of the Finance Commission.

The other two cases, involving employees of departments, were disposed of by the resignation of one after suspension, and in the other case by a transfer to other districts.

(e) GENERAL REPORTS.

Many other municipal activities were investigated by the Commission and recommendations made to conserve the finances of the city. Some were approved by the mayor, while others, the Commission regrets to say, were not.

The Schoolhouse Department.

The schoolhouse department is administered by three commissioners, appointed by the mayor for a term of three years. The appropriations for the schoolhouse department are made by the school committee. The schoolhouse department uses the money appropriated for it by the school committee to build such schoolhouses as the school committee orders and to make such repairs on existing buildings as are necessary. The school committee, however, has no control over repairs or new structures once the appropriation is made. It cannot speed up or change the work, or even demand a report of progress.

The people regard the school committee as responsible not only for the education of their children, but for the proper housing of them, because the school committee appropriates all the funds for both purposes. Yet the school committee is helpless in remedying housing conditions, whether in the matter of repairs or of new structures, after an appropriation is once made. Nor can it exercise any power of control when making the appropriation. It has no alternative but to appropriate money for the repair and construction of buildings. Thereafter it has no alternative but to wait until the schoolhouse commission acts. This anomalous situation, involving the chief executive and two departments of the city, makes for a division of responsibility which is hard to place and results in a loss to the public school children.

The Finance Commission recognizes the intention of the Legislature in separating the schoolhouse department from the school committee in 1901. Since then the school committee has been reduced from a board of twenty-four members to a board of five members and has thereby been made a more executive body.

The Finance Commission believes that the Legislature should consider at this session the question of transferring the power of appointment of the schoolhouse commissioners from the mayor to the school committee.

The Public Works Department.

During the year it has been necessary to issue a number of reports relating to the operations of the public works department, particularly of the paving service.

Defective condition of the paving on Smith and Conant streets in the Roxbury district was called to the attention of the mayor in two reports from the Finance Commission in August. The improper paving construction on these streets in the fall of 1919 had been previously called to the mayor's attention in two reports of the Commission. Although the defects in the pavement were so serious as to make necessary the closing of one of these streets to traffic early in the spring, no action was taken by the public works department to enforce the city's rights under the maintenance bond of the contractor who did the paving until after the second report of this Commission was issued. The position taken by the public works department indicated more interest in relieving the contractor from liability under his maintenance bond than in enforcing the city's rights.

These streets were finally repaired at the expense of the contractor, but not to the extent that might have been required under the terms of the contract.

The Finance Commission caused a complete survey of the city's streets to be made in the early summer and presented its conclusions to the mayor in a report dated August 24. Following the issuance of this report more active work in the repairs of suburban streets was commenced and continued during the remainder of the season than had marked any period theretofore.

On October 28 the Finance Commission issued a report on the defective construction of bituminous pavement on portions of Centre Street, West Roxbury. This report was based in part on the official findings of employees of the paving service and pointed out serious departures by the contractor

from the specifications. The public works department had all necessary data, or could have easily secured it, to corroborate the Finance Commission's findings. The mayor, however, appointed a committee of engineers from cities outside New England to test the correctness of the Finance Commission's conclusions. This committee confirmed the essential findings of the Commission in every particular and placed the responsibility upon the contractor and the city's engineers in charge of the work. No penalty, however, of any kind was imposed upon the contractor and much of the defective work was allowed to remain in place. The city officials who were found to have permitted this defective work still continue to represent the city in the same capacity.

Another instance of employing outside engineers by the public works department may be seen at the present time in the conduct of the repairs now being made at the city's sewerage pumping station. This work involves an estimated expenditure of \$100,000, and has been put in charge of an engineer appointed for the purpose, whose compensation will be determined on a basis of a percentage of the amount expended.

It would seem that the city ordinance, the charter amendments and the civil service regulations amply provide for sufficient engineering skill in the public-works department to deal with any city engineering problem that may arise. The employment of engineers outside the department for specific work indicates either that the requirements of the laws have not been met in making appointments, or that there exists a want of confidence in the personnel of the engineering service.

Payment of Employees on Sick Leave.

For many years a practice has grown up of granting unlimited time with pay to per annum employees absent from their duties on account of sickness. No limit to the time an employee might so be absent and receive his salary had been fixed. The head of each department had complete discretion in the matter.

The Finance Commission found in many cases employees absent for over a year and drawing full pay from the city. The Commission found that the mayor had no check upon

such absences, because the auditor approved the pay rolls if they were signed by the heads of the departments. The Commission therefore recommended that the mayor be notified by the heads of departments when employees are absent from duty for more than thirty days in any one year and that any further extension of time in any case be left to the discretion of the mayor.

The mayor followed the Commission's recommendations and issued an order to all departments that employees absent over thirty days in any one year must be reported to his office for consideration. The immediate result of this circular order was the return to work of six employees in one department, who had been on sick absence for four or more weeks. Other employees who had been out on full pay for over a year were dropped from the city's pay roll.

The Mayor's Appointments.

The appointments by the mayor in the past year, with one exception, have been very commendable. Particularly so was the appointment of an experienced official to the superintendency of the supply department. This position is one of the most important in the city.

On the other hand, the mayor's failure to fill the position of soldiers' relief commissioner has brought that department to a state of disorganization.

The mayor had ample opportunity to have this position filled immediately upon the retirement of the former commissioner, but no appointment has been made even to this date.

The Finance Commission believes that at least \$25,000 could be saved to the city had the mayor acted promptly in filling this position. This department requires a special kind of administration and cannot be properly administered by any acting head who also has a department of his own to administer at the same time.

Contracts.

The number of unadvertised contracts of \$1,000 or more is larger this year than it has been in any year since 1910. The record of advertised and unadvertised contracts since 1910 is as follows:—

YEAR.	Total Number of Contracts.	Number advertised.	Number un- advertised.	Per Cent advertised.	Per Cent un- advertised.
1910-12,	818	716	102	87.50	12.50
1912-13,	521	456	65	87.50	12.50
1913-14,	496	413	83	83.27	16.73
1914-15,	432	390	42	90.30	9.70
1915-16,	448	408	40	91.10	8.90
1916-17,	391	373	18	95.40	4.60
1917-18,	461	403	58	87.40	12.60
1918-19,	380	265	115	69.70	30.30
1919-20,	471	405	66	86.00	14.00
1920-21, ¹	714	540	174	75.60	24.30

¹ Figures taken from the "City Record" to and including Jan. 22, 1921.

All contracts with the city over \$1,000 in amount, as provided in the charter, should be advertised. The authority resting with the mayor to release from this provision should be exercised very sparingly and only when refusing to do so would mean that the city's interests would suffer.

The Two-platoon Bill.

The two-platoon bill for the fire department again came up for acceptance by the voters of Boston, and, as in 1919, the Finance Commission made a report to the mayor in opposition. The acceptance of the act failed at the polls by the following vote: yeas, 59,704; nays, 90,524. In 1919 the act was defeated by 5,399 votes. The people of Boston thus in two successive years, and more emphatically the second year, having registered their disapproval of the act, the Finance Commission believes that the Legislature might now very appropriately consider the question of amending the act so as to exclude Boston from its provisions.

Attempt to enlarge the City Council.

The citizens also defeated an attempt to enlarge the city council of nine members elected at large to a membership of fifteen, elected by districts. This was the second attempt

within ten years to change the method of election and size of the city council. This second defeat now firmly establishes the small, one-chamber council, elected at large.

Date of the City Election.

The change in State elections to a biennial term for all State officers does away with State primary and election days every other year. Under the charter it is provided that the city election shall be held on the sixth Tuesday after the State election. As no State election will be held in the odd years, it will be necessary to amend the law to provide a date for the city election. The need for such an amendment brings up the question of the desirability of a change in the election date.

With the State election coming every second year, and with the mayor elected for four years, his election coming in a year when there is no State election, it leaves only the three city councilmen and two school committee members to be elected in the year when the Commonwealth's officials are to be elected. The ordinary expenses for salaries of attendant officers and janitors for each election day is about \$17,752. There are other expenses, such as cartage, light, heat, rents, etc., which would probably bring the total up to \$20,000. With the proposed increase by one-third of the number of precincts, this cost will be proportionately greater. This sum the city will save if the municipal election is fixed for the same date as the State election. Such a change would make less demands on the citizens in the matter of voting, and the election would come at a time when weather conditions are more dependable.

Respectfully submitted,

MICHAEL H. SULLIVAN, *Chairman.*

JOHN F. MOORS.

JAMES M. MORRISON.

COURTENAY GUILD.

J. WALDO POND.

The Commonwealth of Massachusetts

ANNUAL REPORT

OF THE

BOSTON FINANCE COMMISSION

FOR THE

YEAR ENDING JANUARY 31, 1922



BOSTON

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THE FINANCE COMMISSION.

MICHAEL H. SULLIVAN, *Chairman.*

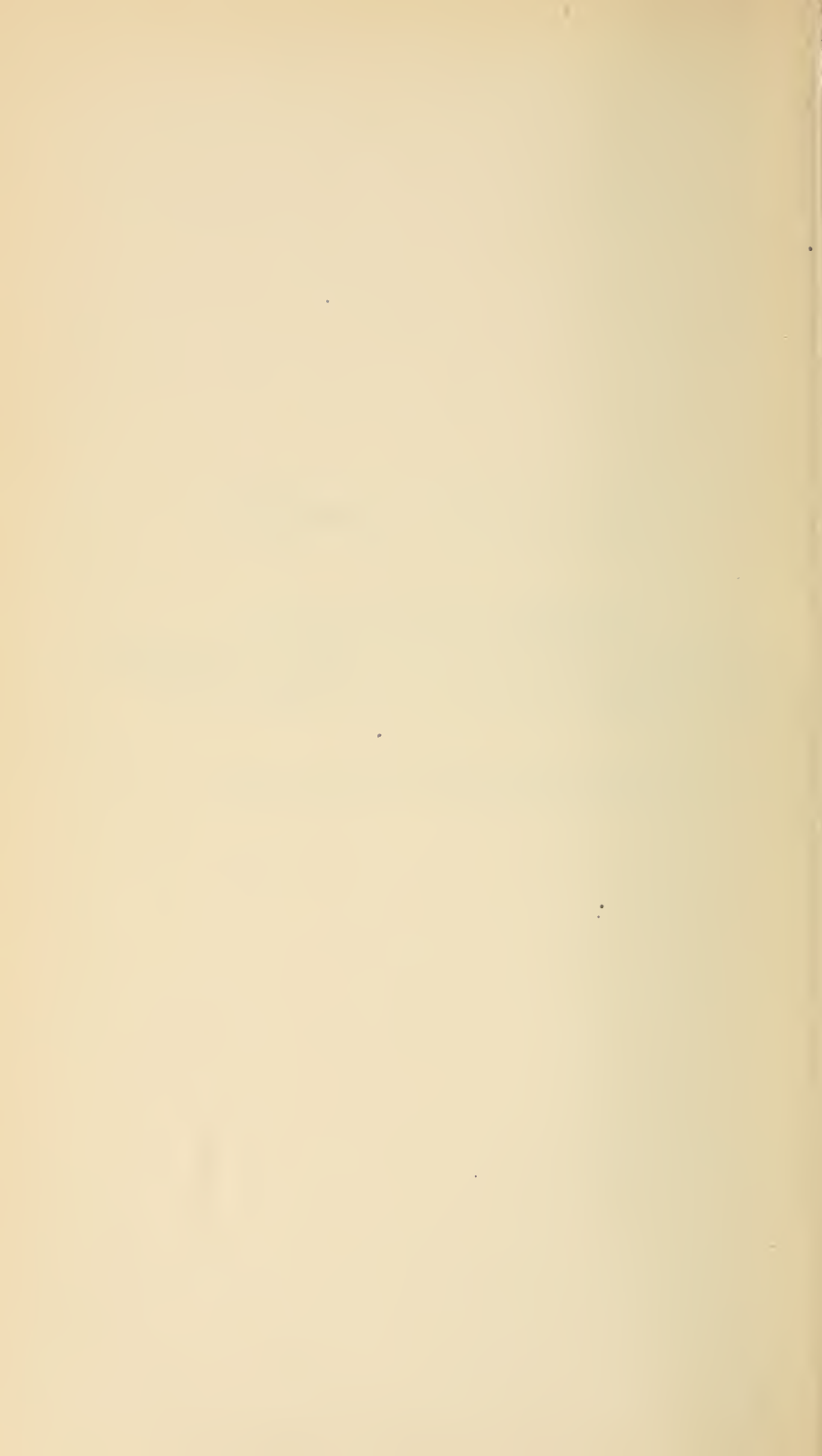
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CONTENTS.

	PAGE
Organization of the Commission	7
Appropriations and Expenditures	7
Work of the Commission	9



The Commonwealth of Massachusetts

REPORT OF THE FINANCE COMMISSION

BOSTON, Jan. 31, 1922.

To the Honorable the Senate and House of Representatives in General Court assembled.

In accordance with section 18 of chapter 486 of the Acts of 1909, the Finance Commission submits herewith its annual report for the year 1921-22.

I. ORGANIZATION OF THE COMMISSION.

There has been no change in the personnel of the Commission this year, John F. Moors, whose term expired, having been reappointed by the Governor.

Increases in salary have been granted during the year to the staff of the Commission, as follows:—

	Per Year
Consulting engineer	\$1,000
Counsel	500
Investigator	300
Stenographer	200
Stenographer	200

II. APPROPRIATIONS AND EXPENDITURES.

The Commission petitioned the Legislature for an increase in its statutory appropriation from \$30,000 to \$40,000, on account of the increase in prices of materials, in rent, and in charges for service, and was granted the amount requested. As stated in last year's report, an additional appropriation was granted the Commission by the city government of Boston, in the sum of \$9,000, for the purpose of making a study of pension systems, with the aim of pensioning, on a contributory basis, all city of Boston and county of Suffolk employees. This

additional appropriation did not become available until Jan. 25, 1921, and therefore no account of the same was rendered in last year's report.

The expenditures of the Commission during the year were as follows:—

Total regular net appropriation \$40,000 00

Expenditures:

Salaries, permanent employees	\$23,305 00	
Salaries, temporary employees	1,215 00	
Printing and binding	2,362 35	
Postage	30 72	
Express charges	20 25	
Light	72 98	
Rent	5,422 08	
Communication	310 07	
Cleaning	44 00	
Experts' services	1,006 20	
Fees, service of venires, etc.	45 28	
Blueprinting	11 25	
General plant	48 15	
Furniture and fittings	58 05	
Office equipment	100 00	
Library equipment	110 79	
Office supplies	245 02	
Ice	24 00	
Special investigations	1,426 29	
	<hr/>	35,857 48
Balance		\$4,142 52

The expenditures under the special appropriation for pension investigation were as follows:—

Total net appropriation \$9,000 00

Expenditures:

Salaries	\$475 31	
Experts' services	937 67	
Express charges	7 24	
Communication	5 39	
Printing	114 25	
	<hr/>	1,539 86
Balance		\$7,460 14

III. WORK OF THE COMMISSION.

During the year the Commission has held 40 meetings; there have been 79 hearings, and 103 witnesses have been examined in various investigations and matters affecting the interests of the city of Boston.

All the members of the Finance Commission except the chairman serve without pay. The meetings of the Commission have been attended by every member, except in cases where sickness or other imperative reasons have prevented some members from attending.

The Commission has issued 44 reports and communications, of which 20 were published and 24 unpublished.

The published reports were as follows: —

1921.

- Feb. 21. The Mayor. — In regard to the action of the school committee in making increases in salary of its teaching force, in accordance with a different schedule from that used in obtaining legislation for salary increases.
- Mar. 11. The Mayor. — In regard to proposed abolition of licensing board by House Bill No. 807.
- Apr. 18. The Committee on Metropolitan Affairs. — In regard to proposed teaming tunnel between Boston and East Boston.
- Apr. 21. The Committee on Social Welfare. — In regard to proposed pension bill for employees of the city of Boston and county of Suffolk.
- Apr. 25. The Mayor. — In regard to firm of accountants employed to audit the accounts of the treasury department of the city.
- Apr. 26. The Mayor. — Regarding payment of bills incurred in excess of appropriations for the fiscal year.
- May 3. The Mayor. — Second report on payment of bills incurred in excess of appropriations for the fiscal year.
- May 27. The Mayor and City Council. — Third report on payment of bills incurred in excess of appropriations for the fiscal year.
- June 3. The Mayor. — Regarding specifications for crushed stone in use by the supply department.
- June 4. The Mayor. — Regarding the award of contracts for the hire of teams.
- June 6. The Mayor. — Regarding advertising in newspapers other than the City Record by the schoolhouse commission, in violation of section 29 of chapter 486 of the Acts of 1909.
- June 8. The Mayor. — Regarding work done under contract of W. A. Snow Iron Works for building iron fence around ball field on Boston Common.

1921.

- June 28. The Mayor. — Regarding the opening of streets by public service corporations and the restoration of the same.
- June 29. The Mayor. — Regarding passenger motor service for city departments.
- July 29. The Mayor. — Regarding the annual reports of city departments and the abolition of the statistics department.
- Sept. 23. The City Council. — Regarding proposed additional loan of \$200,000 for making of highways.
- Oct. 7. The Mayor. — Regarding proposed widening of Washington Street between Harvard Place and Ordway Place.
- Dec. 17. The Mayor and City Council. — Regarding the present accounting system of the city.
- Dec. 22. The Mayor. — Second report on the present accounting system of the city.
- Dec. 29. The Mayor. — Opposing passage of new ordinance creating additional position of deputy sealer in weights and measures department.

The unpublished reports were as follows: —

1921.

- Feb. 21. The Mayor. — In regard to insuring buildings of West Department of the City Hospital, now leased to the Federal government.
- Mar. 2. The Committee on Legal Affairs. — Favoring passage of House Bill No. 842, providing for licensing and regulating of animal-drawn vehicles.
- Mar. 2. The Committee on Cities. — Opposing passage of Senate Bill No. 30, providing for the payment of a sum of money to Olive P. Gately.
- Mar. 5. The Mayor. — Transmitting report of the consulting engineer on specifications for crushed stone in use by the city.
- Mar. 21. The Mayor. — Transmitting report of consulting engineer in regard to specifications for bituminous materials for road construction.
- Mar. 29. The Mayor. — Regarding his acceptance of chapter 109, General Acts of 1916, providing for the appointment of paid interpreters in the Municipal Court of Boston.
- Mar. 31. The Mayor. — Regarding privileges allowed John J. Connor-ton of the hospital department, and the inadvisability of granting such privileges to employees.
- Apr. 6. The Mayor. — Regarding payment of a sum of money to Thomas F. Goode.
- Apr. 15. The Mayor. — Regarding proposed payment of a pension to George A. Betters.
- Apr. 15. The Mayor. — Regarding bills of chemical examiners for the Northern District Medical Examiner.

1921.

- Apr. 18. The Mayor. — Regarding proposed payment of a pension to William S. Foster.
- May 5. The Mayor. — Regarding the proposition of the Equitable Life Assurance Society of the United States to underwrite the retirement system for city and county employees.
- May 5. The Mayor. — Regarding the occupation, rent free, of rooms at the Dover Street bath house by a city employee.
- May 20. The House Committee on Ways and Means. — Regarding Senate Bill No. 331, providing for rebuilding four bridges over the Charles River.
- July 7. The Mayor. — Regarding award of contract for installing electric, gas and air systems in the new public Latin School.
- July 13. The Mayor. — Regarding the award of the contract for erecting and completing certain portions of an elementary school-house in the Samuel Adams district to other than the lowest bidder.
- July 22. The Mayor. — Regarding the sale of the ferryboats "D. D. Kelly" and "General Hancock."
- July 25. The Mayor. — Second report on the sale of the ferryboats "D. D. Kelly" and "General Hancock."
- Oct. 5. The Fire Commissioner. — Regarding the proposed conversion of a submarine chaser into a fireboat.
- Oct. 7. The City Council. — Regarding loan orders for making of Highways; the methods employed by the street commissioners, and the proposed widening of Washington Street, between Harvard Place and Ordway Place.
- Oct. 21. The City Council. — Regarding the request of the city council for a report on unemployment.
- Oct. 27. The City Council. — Regarding the lease of the refectory building at Franklin Park and the head house, South Boston, by the Women's Educational and Industrial Union.
- Dec. 14. The Mayor. — Opposing the acceptance of chapter 414 of the Acts of 1921, providing for the payment of a sum of money to Olive P. Gately.

1922.

- Jan. 31. The General Court. — Regarding present accounting system and proposed improvements therein.

Two subjects absorbed much of the attention of the Commission during the present year, viz., the study of a uniform contributory pension system for the employees of the city of Boston and county of Suffolk, and an investigation of the accounting system in use in the city and its effect upon the city's finances.

Later in this report a brief statement of the work of the

Commission on pensions for city of Boston employees will be found under "Recommendations for Legislative Action."

ACCOUNTING METHODS IN USE IN THE CITY.

In his annual address to the city council on Feb. 7, 1921, the mayor stated that the departments of the city had closed their annual accounts with a balance of \$370,808, which, together with other items, made a "total surplus" of \$3,817,250.61. This statement was later challenged by the Finance Commission, when it was ascertained from the department heads that over \$1,800,000 in unpaid accounts were outstanding at the close of the fiscal year. The published records of the city auditor, however, showed that actual balances of unexpended appropriations were returned to the departments.

The Finance Commission reported these facts to the mayor. The mayor resented the action of the Commission, and endeavored to defend the system of city auditing, but did not deny the fact that the city owed a large undisclosed debt at the end of the fiscal year. The Commission thereafter employed the accounting firm of Patterson, Teele & Dennis to examine the system of accounting in use by the auditor. The findings of these accountants confirmed the report of the Finance Commission.

A further examination of the system disclosed a practice that had been followed since 1892, by which bills in excess of the appropriations for a fiscal year could be passed on to the next fiscal year and paid in that year before the appropriations were made, under a construction given to chapter 320, Acts of 1889, by the city auditor. This merging of fiscal years was not apparent from the auditor's records.

Upon request for an opinion of the corporation counsel as to the legality of the construction placed upon the statute of 1889 by the auditor, he replied in effect that the statute was improperly construed, and did not authorize the city treasurer to pay the bills of one fiscal year from funds to be charged to a succeeding fiscal year.

The city auditor resigned on Dec. 31, 1921. Since early in

January the Finance Commission has had the firm of Patterson, Teele & Dennis procuring such information from the auditor's office as was possible, in order to ascertain as nearly as may be the exact amount of the indebtedness that has accumulated because of this merging of fiscal years.

The Finance Commission caused a bill to be filed in the Legislature to provide a legal way to raise the necessary funds to discharge this indebtedness. It has also filed a bill to provide a different system of accounting than that now in use.

CITY-OWNED AUTOMOBILES.

The present system of providing transportation for city officials with city-owned automobiles is both inefficient and extravagant.

The practice of restricting the use of automobiles of any department to the work of that department, whether it be great or small, is extravagant unless the automobiles are constantly in use. Very few of the city-owned automobiles are used for city business during all the working hours of a day. They are not in constant use. Except for a few departments that require the service of a small runabout type of car, city officials and employees who require automobile transportation would be best served by a taxicab system.

City departments that do not have city-owned automobiles have occasional uses for them. They cannot be served, however, by a city-owned automobile of another department, even though half a dozen are standing idle. There is no inter-departmental service respecting automobiles. Under a taxicab system every city official and employee who required to be transported by motor would have that privilege at any time with promptness and at a minimum of expense to the city of Boston.

If the city is to continue to own a fleet of seventy odd automobiles, then some method should be devised whereby not more than three different types of car should be purchased. At the present time the city-owned automobiles are of almost every known type and make. Provision for repairing city-owned automobiles at wholesale prices and under city direction

should be made. There should also be devised a system under which city-owned automobiles would be housed in one or two places and not all over the city, as is now being done. The place where a city-owned automobile is housed now is determined by the place where the official or employee lives who uses it. Or, if he has a city chauffeur, as some of the officials do, then the city pays rent to a garage near by the residence of the chauffeur. In addition to the rent of these garages, which is at retail rates, much of the gasoline and oil that the city requires is purchased at these garages. There are also very large repair bills incurred.

If the mayor believes that the city should continue to own automobiles, then some step should be taken at once to provide for less extravagant use, maintenance and housing of city cars.

ATTEMPT TO OBTAIN RELIEF BY LEGISLATION AFTER FAILURE IN THE COURTS.

For the past few years an attempt has been made almost annually by a citizen of Boston to have the General Court relieve her from an alleged loss which she claims to have suffered because she settled a case that she had in litigation before the court of last resort was reached, and now believes that she got the worst of the bargain. This is the case:—

In July, 1909, Mrs. Mary M. Gately, as guardian of her two children, Grant and Olive P. Gately, brought suit in the Superior Court against the city of Boston to recover damages for breach of a contract and for rent, both of which claims concerned the land and wharf located at 468-484 Albany Street, Boston. The case was referred to an auditor, who found in favor of Mrs. Gately. Subsequently the case was tried before a jury, which also found for Mrs. Gately on one branch of the case in the sum of \$17,800, and on the other branch of the case in the sum of \$15,000. The judge who heard the case with the jury ruled that the city was not legally liable for the finding of \$15,000, and the verdict as to that amount was set aside. Both parties filed exceptions in the Supreme Judicial Court, and just before the case was reached in that court for

argument, a settlement was reached by the parties, the city paying to Mrs. Gately the sum of \$23,000.

This settlement was agreed to by Mrs. Gately as guardian of her children and by William H. Irish, who had been appointed guardian *ad litem* for the children, by Edmund A. Whitman, representing the plaintiff, Mrs. Gately, and by the assistant corporation counsel of the city of Boston. This agreement of all parties was in writing and was confirmed by the court on Jan. 13, 1913.

In 1914 and again in 1915 Mrs. Gately presented a petition to the Legislature, seeking to set aside this settlement and to have the city of Boston pay her the \$15,000 which the judge of the Superior Court had ruled could not be legally paid by the city. In both years the bill failed of passage.

In 1916 she filed a similar bill to accomplish the same purpose. It passed both branches of the Legislature and became a law without the Governor's signature, but required by its terms the approval of the mayor and city council before the January 31 following. The council, failing to approve within that time, the act became ineffective.

In 1921 the same petition was again filed by Mrs. Gately. It passed the Legislature and received the approval of the Governor. By its terms approval of the mayor and city council was required. The city council approved it, but the mayor vetoed it. The following statement in the mayor's veto message indicates the effect of encouraging such appeals to the Legislature by those who either do not want to use the courts to settle their litigation, or are unwilling to stand by their own settlements: —

If a compromise so made is to be set aside in pursuance of a special enactment, the force of all compromise settlements made by the city will be greatly weakened and an attempt to reopen numerous other cases may reasonably be anticipated. A dangerous precedent, moreover, will be created as regards action in future cases, and the ability of the law department to make compromise settlements with claimants against the city with the confidence that once made they will not be disturbed will be seriously impaired. In my judgment this will be not only a great disadvantage to the city, but perhaps an even greater disadvantage to persons having valid claims against the city.

STREET LAYING-OUT DEPARTMENT.

The custom of appropriating money for building streets and highways, and of allowing the street commissioners to expend such appropriations as are made in the construction of such highways as they may designate after the appropriation is made, should be discontinued.

In April, 1921, the street commissioners were provided with an appropriation of \$800,000 from a loan. The mayor was furnished with a list of the streets that were selected to be built from this appropriation. In August the street commissioners requested a further appropriation of \$200,000 and furnished the mayor with another list of streets that they proposed to construct with this appropriation. The Finance Commission investigated the matter of the earlier appropriation of \$800,000 and found that less than \$1,000 of it was spent upon the streets designated by the street commissioners in April as those upon which the money was to be expended. It appeared that this \$800,000 appropriation from a loan in April was almost entirely used for completing street construction projects of former years. When the additional appropriation of \$200,000 from a loan was requested in August, another and different list of streets was furnished than those designated in April, although nothing had been done upon any of the streets in the April list.

Appropriations for this work should not be made without an accurate statement from the street commissioners as to what streets the money is to be used upon, and as to whether it is to be used to complete a program of street construction already started or to initiate new construction. After the appropriation is made there should be no change of the streets to be built.

Appropriations for street construction are used by two departments, — the street laying-out department and the public works department. Much confusion arises from the methods of accounting in these departments in the division of these funds. Each of these departments should have a carefully devised system of accounting.

TRAFFIC TUNNEL BETWEEN BOSTON AND EAST BOSTON.

This is a matter that has been reported upon several times by various investigating boards. An additional report on the matter was submitted to the Legislature of 1921 by a Joint Board comprising the Division of Water Ways and Public Lands of the Department of Public Works of the Commonwealth, and the Transit Department of the city of Boston. This investigation was originally authorized by chapter 51 of the Resolves of 1919. Further time for investigation and report was secured by chapter 73 of the Resolves of 1920.

The report submitted, although it did not specifically recommend the construction of a tunnel, contains in certain portions such language as fairly to warrant the inference that the boards favored the construction of the tunnel substantially as indicated in their report.

The Finance Commission has always adhered to the principle that no additional means of communication to East Boston involving large expenditures of money should be authorized unless it contemplated the discontinuance of the ferry service.

As regards the details of the plan of the Joint Board, the Finance Commission believes the figures representing the financial matters are based upon incorrect and unwarranted assumptions; that the estimates of traffic through the tunnel are unwarranted; that the proposed construction would be so faulty as to be practically prohibitive for all classes of traffic except pleasure automobiles; and that the danger of accidents on account of imperfect ventilation and from fires had not been given such consideration as their importance warranted.

The Finance Commission, after a careful examination of this report, is of the opinion that the plan as outlined would not improve the transportation service to and from East Boston to a degree commensurate with the great expense involved, and that it would not make possible the discontinuance of the present ferry service.

The bill was referred by the committee on metropolitan affairs to the next General Court.

The detailed recommendations of the Finance Commission

are contained in a report on the proposed traffic tunnel to East Boston to the committee on metropolitan affairs, under date of April 18, 1921.

SPECIFICATIONS FOR CITY WORK.

On several occasions during the year the Finance Commission has had occasion to criticise specifications in use by departments of the city as not being suitable for securing proper quality as regards supplies, or suitable workmanship under contracts.

As regards the method of purchasing crushed stone by the city, involving an expenditure of between one and two hundred thousand dollars annually, the Finance Commission recommended changes in existing specifications, so that the officials having actual charge of the department using the stone would be the judges of its quality rather than the superintendent of supplies, and also that modern, scientific methods be adopted for determining the suitability of the stone for the work to which it was to be applied.

Two reports were submitted to his honor the mayor, but the most important recommendation contained in them was not adopted. As a result a large part of the stone furnished to the city, particularly for street construction, was not the best quality for the work.

Again, as regards the purchase of bituminous materials, the Finance Commission in a report dated March 21, 1921, pointed out the inconsistencies in the specifications for bituminous road materials, some materials being bought at a per ton rate and others at a per gallon rate. The recommendation of the Finance Commission was that a common standard for purchase of all such materials be adopted. Although the wisdom of this recommendation was not disputed, the necessary changes to conform with the recommendation were not made.

REPAIR OF STREET OPENINGS.

From time to time during the past year complaints have been brought to the Finance Commission by individuals and organizations that the city authorities were lax in securing proper repairs on streets that had been opened by individuals

or public service corporations for the repair or construction of underground works.

Written communications with some of the higher executive officials at City Hall were submitted to the Finance Commission. The statements made in these letters indicated that some of the higher executive officials were not fully acquainted with the powers and duties of the city touching these matters under existing statutes. The Finance Commission, after a study of the matter, particularly as regards the provisions of chapter 553 of the Acts of 1910, issued a report showing that the city officials had ample authority under existing law to secure satisfactory results as regards the repair of street openings. The result of this report has been to secure more efficient inspection and better work as regards restoration of pavements displaced for the purposes above outlined.

DELAY IN ISSUING ANNUAL REPORTS.

The Revised City Ordinances, chapter 3, section 24, provide that the heads of departments shall send to the mayor, within thirty days after the close of the financial year, a report containing a statement of the receipts and expenditures of the departments and things done in the departments during the year.

If these reports are to be of any value they should be issued promptly and confined to the matter set out in the ordinance, which should be stated in a clear and intelligent way.

The reports are issued so late in the year that they are of no value to the mayor and of little interest to any one else. When finally issued, they contain so many tables and details that the reader is discouraged at the outset.

On July 15, 1921, almost six months after the close of the last financial year, nineteen departments had not made their reports at all, and one department had just sent in its report of the year before last, seventeen months late.

It costs more than \$42,000 a year to print these reports. The delay in issuing these reports renders this sum practically a waste. There appears to be no good reason why a department should not issue its report within the time called for in the ordinance.

RECOMMENDATIONS FOR LEGISLATIVE ACTION.

I. *Pensions for City of Boston Employees.*

The Finance Commission has made a study of public pension systems, and recommends the enactment of legislation establishing a uniform contributory retirement system for employees of the city of Boston and county of Suffolk.

There are at the present time in the city of Boston ten classes of public employees who receive the benefits of a non-contributory pension system. These classes are firemen, policemen, laborers, school janitors and attendance officers, school teachers, judges, court and probation officers, and veterans of past wars. The only public employees who are excluded from pension benefits are the clerical, engineering, investigative and inspection forces of the city.

The total number of public employees is approximately 16,256, and of this number only 6,345, approximately, do not share in a public pension system. The experience of the city of Boston in the establishment of a non-contributory pension system by individual units is not uncommon. City employees petition the Legislature at each annual session for the passage of special individual pension acts. These acts have become quite numerous in the last decade. Such a practice, if continued, will build up a further class of pensioners supported from the public treasury without any contribution on their part.

Pension systems have been investigated by actuaries in various parts of the country, and only when established on the contributory basis have they been pronounced sound.

A pension system for public employees is justified for reasons of economy and efficiency.

The Finance Commission made an investigation in 1920 of the number of employees who had served the city or county ten years or more, and found that more than one-half had given a decade or more of service to the city, ranging from ten to sixty-three years, the greater number having given at least fourteen years of service.

The Commission found that there were at least 1,175 persons

in the city's service who were more than sixty years of age, and that the efficiency of the service was greatly retarded by this group. The superannuated employee slows down the work of a department and prevents the younger and more efficient employees from advancement. Promotions are necessarily retarded while the aged fill the upper-grade positions. Not only is the efficient service of a department lowered, but it is often found necessary to increase the number of employees in order to perform the work which the superannuated employee is unable to perform. These are the two leading motives which have urged public authorities to establish a pension system for public employees.

It cannot be advocated with any fairness that only teachers, policemen, firemen, laborers and court officials should receive the benefits of a non-contributory pension, and the remainder of the city employees be denied participation in any pension system.

The Commission recommends that legislation be enacted providing for the establishment of a uniform contributory retirement system for the employees of the city of Boston and county of Suffolk.

II. *Appointment of the Schoolhouse Commission by the School Committee.*

The schoolhouse department is administered by three commissioners, appointed by the mayor for a term of three years. The appropriations for the schoolhouse department are made by the school committee. The schoolhouse department uses the money appropriated for it by the school committee to build such schoolhouses as the school committee orders, and to make such repairs on existing buildings as are necessary. The school committee, however, has no control over repairs or new structures once the appropriation for the year is made. It cannot speed up or change the work or even require a report of progress.

The people regard the school committee as responsible not only for the education of their children, but for the proper housing of them, inasmuch as the school committee appropriates all the funds for both purposes. Yet, once the annual appropriation bill is passed, the school committee is helpless in

remedying school housing conditions, whether in the matter of repair or of new structures. Even when making the appropriation for the year the school committee has no power to secure speedier construction of school buildings, but is compelled to wait until the schoolhouse commission acts. This division of responsibility between two departments of the city retards the educational opportunities of the public school children.

The Finance Commission believes that if the school committee were given the power to appoint the schoolhouse commission, subject to the approval of the Civil Service Commission, as in the case of the mayor's appointments of heads of departments, the problem of schoolhouse shortage in Boston would be more rapidly solved.

The Finance Commission recommends the enactment of legislation which will provide for the appointment of the schoolhouse commissioners by the school committee, subject to the approval of the Civil Service Commission, as provided in sections 9 and 10 of chapter 486 of the Acts of 1909.

Mr. Moors of the Commission is not prepared to recommend this legislation.

III. *Discontinuance of the Annual Publication of the Pay-roll Book of City Employees.*

In 1888 the city of Boston published a list of employees, giving name, birthplace, residence, salary and date of appointment. From 1888 to 1905 no pay-roll book was published, with the exception of a small pamphlet issued in 1894. This second list, however, did not include all city employees. In 1905 the city began to publish annually a complete list of the employees of the city of Boston and county of Suffolk. Approximately 1,000 copies of the list are published each year. The cost of this publication has increased from year to year. The 1921 issue cost \$5,308.50, or \$5.30 a copy. This list is distributed free by the city. It is practically exhausted a few days after its appearance. The greatest demand is from city employees.

In the year 1910 the Commonwealth began the practice of publishing an annual list of its employees, but afterwards dis-

continued the publication and adopted the policy of requiring an annual return of each department of the number of employees. The list is published only in alternate years.

There are approximately 27,000 employees in the State departments, and 1,000 copies of the last volume were issued. The cost of these thousand copies was \$1,168.73, approximately one-fifth of the cost of the Boston list.

The Finance Commission believes that all the benefits of a publication of this kind in the city of Boston will be secured by publishing the list every two years, and recommends that the law be changed to provide for the preparation of the municipal list each year and for its publication in the second and fourth years only of each mayor's term. In the years in which the list is not published it should be kept in the auditor's office, open to public inspection.

The Finance Commission has in its office an alphabetical card file of all city and county employees, showing compensation paid them. This file is kept corrected to date. Since the adoption of the segregated budget system there is annually shown by departments the salary paid every employee. This budget is distributed to the public.

The Finance Commission recommends that section 1 of chapter 168 of the Special Acts of 1919 be amended by adding in the eighteenth line, after the words "pay roll", the words: — and to keep a copy of said list open for public inspection; and by adding at the end of the section the words: — in the year 1923 and every two years thereafter.

IV. *Amendment of Chapter 320 of the Acts of 1889.*

Chapter 320 of the Acts of 1889 provides that city departments may incur liabilities each year before the regular appropriations are made, not exceeding in amount one-third of the appropriations for the previous year. The city treasurer is authorized to pay such liabilities from any funds in the city treasury, and if there are no funds in the city treasury, or the funds therein are insufficient, the city treasurer is authorized to borrow sufficient funds to pay such liabilities.

The obvious intent of this act is to enable the city departments to carry on the business of the city from the beginning

of the fiscal year until appropriations are made, and to enable the treasurer to pay the bills during this period.

The practice, however, for the past twenty-five years, at least, has been for the city treasurer to use the funds made available under this authority to pay bills carried over from the prior fiscal year. The result is that the expenditures of a fiscal year are not limited to the appropriations for that fiscal year. This practice has resulted in accumulating liabilities amounting to more than \$3,000,000.

The Finance Commission believes that chapter 320 of the Acts of 1889 should be amended so as to prohibit expressly the city treasurer from paying any bills brought over from a prior fiscal year in excess of the unexpended appropriations brought over from the same fiscal year, by adding the following sentences at the end of section 1 of chapter 320 of the Acts of 1889:—

Nothing in this act shall be construed to authorize the city treasurer to pay from funds made available under this act any bills, obligations or liabilities remaining unpaid at the end of the prior fiscal year which are in excess of the balance of appropriations for that fiscal year remaining unexpended. All bills, obligations and liabilities of the city of Boston not paid in the fiscal year in which they were incurred shall only be paid to the extent of the unexpended balances of appropriations carried over from the prior fiscal year, and a special record of such payments shall be made by the city auditor and city treasurer, — so that it will read as follows:— *Section 1.* Section six of chapter two hundred and sixty-six of the acts of the year eighteen hundred and eighty-five is hereby amended by adding thereto the following: Except that at the beginning of the financial year, to meet the liabilities of the several departments incurred in the carrying on of the work entrusted to them, until the city government shall otherwise order, expenditures may be made, liabilities may be incurred and payments made from the treasury from any funds therein, and the treasurer may borrow money in anticipation of taxes to provide funds. Such expenditures and liabilities shall not exceed for each department, one third the entire amount appropriated for the department the previous year, and shall be considered and reckoned as a part of the expenditures of and the money paid therefor as a part of the appropriations for, the current financial year. Nothing in this act shall be construed to authorize the city treasurer to pay from funds made available under this act any bills, obligations or liabilities remaining unpaid at the end of the prior fiscal year which are in excess of the balance of appropriations for that fiscal year remaining unexpended. All bills, obligations and liabilities of the city of Boston not paid in the fiscal year in which they were incurred shall only be paid to the extent of the unexpended

balances of appropriations carried over from the prior fiscal year, and a special record of such payments shall be made by the city auditor and city treasurer.

V. *Amendment to Section 3 of Chapter 486 of the Acts of 1909, and the Repeal of Chapter 261 of the Acts of 1893.*

Under the provisions of section 3 of chapter 486 of the Acts of 1909, which act contains certain amendments to the Boston city charter, it is provided that the city auditor may, with the approval in each instance of the mayor, at any time make transfers from the appropriation for current expenses for one division of a department to the appropriation for current expenses of any other division of the same department, and from the reserve fund to any appropriation for current expenses of a department, and may also, with the approval of the mayor, at any time between December 1 and February 1, make transfers from any appropriation to any other appropriation.

After the passage of this act the question arose as to whether or not chapter 261 of the Acts of 1893, which provided that between February 1 and December 1 of each year, only, the city council had authority, by a two-thirds vote, to make such transfers, had been repealed. The opinion of the corporation counsel was obtained, to the effect that chapter 261 of the Acts of 1893 had not been repealed, and the action of the city council was necessary on transfers between February 1 and December 1 of every year.

In 1916 the segregated budget was adopted by ordinance. The segregated budget compels department heads to state at the beginning of the year the purposes for which the appropriations requested are to be expended. The city council thereafter appropriated by items the amounts allowed the departments by the mayor. Thereafter when the power of transfer is exercised it becomes the power to reappropriate, and should not be granted except for very urgent reasons.

The experience of the past five years has shown that a segregated budget may be made an aid to extravagance rather than a check upon it, because of the ease with which department heads can obtain transfers from one item to another, and even from one department to another. Moreover, transfers

easily obtained render unnecessary any thoughtful study by department heads in the preparation of their budgets at the beginning of the year. In some departments it has become the practice at the end of the year to gather all unexpended items in the budget into one fund, — so easy is it to obtain transfers, — and to expend this sum for a purpose not mentioned in the segregated budget. For example, during the last three years one department has purchased one or more automobiles each year after December 1, although these purchases had not been provided for when the budget was made up. This year one department undertook early in the year an expenditure amounting to more than \$5,000, which was purposely not provided for in the budget, and was assured by the mayor that if there were not money enough in the balances under the different items of the segregated budget of this department at the end of the year he would transfer sufficient funds from other departments to meet the liability.

There should be few transfers from one item to another of the budget before December 1 of each year, yet these transfers begin as early as May.

The Finance Commission recognizes that transfers may be necessary, both from the reserve fund and from item to item within a department, but unless these transfers are scrutinized carefully, and department heads are required to show a necessary, urgent and unforeseen reason for each transfer, the segregated budget system as an aid to economy and efficiency not only fails, but becomes an inducement to extravagance.

The Finance Commission believes that no city official appointed by the mayor can maintain an impartial attitude toward requests for transfers of budget items, particularly if the requests are endorsed by the mayor. The Commission further believes that the chief executive of the city, who is responsible under the present charter for the appropriation and expenditure of all moneys, cannot maintain a firm and impartial attitude toward requests for transfers from his own appointees, especially during the last two months of the year.

The Finance Commission is authorized to investigate the departments of the city. Since the adoption of the segregated

budget it has annually scrutinized with great care the departments' requests, item by item, and has rendered a written opinion each year to the mayor upon every item of the segregated budget for each department.

These reports have been an effective instrument in the hands of the mayor with which to reduce unnecessary requests for appropriations by department heads.

The data and experience thus annually gained by the Commission, taken with its power of investigation, which includes authority to administer oaths and to require the attendance of persons and the production of papers, render it peculiarly fitted to pass upon transfers under the segregated budget system.

The Finance Commission believes that chapter 261 of the Acts of 1893 should be repealed, and that section 3 of chapter 486 of the Acts of 1909 should be amended by adding in the second paragraph of said section, in the second line, after the words "the mayor", the words: — and the finance commission; by adding in the fifth line, after the word "and", the words: — at any time with the approval of the mayor and city council; by adding in the eighth line, after the word "mayor", the words: — and the finance commission; by striking out, in the twelfth line, the word "such", and inserting in place thereof the word: — the; by adding in the thirteenth line, after the word "approval", the words: — of the mayor and the finance commission; and by inserting in the thirteenth line, after the word "the", the word: — estimated, — so as to read as follows: —

SECTION 3. All appropriations other than for school purposes to be met from taxes, revenue, or any source other than loans shall originate with the mayor, who within thirty days after the beginning of the fiscal year shall submit to the city council the annual budget of the current expenses of the city and county and may submit thereafter supplementary budgets until such time as the tax rate for the year shall have been fixed. The city council may reduce or reject any item, but without the approval of the mayor shall not increase any item in, nor the total of a budget, nor add any item thereto, nor shall it originate a budget. It shall be the duty of the city and county officials, when requested by the mayor, to submit forthwith in such detail as he may require estimates for the next fiscal year of the expenditures of the department or office

under their charge, which estimates shall be transmitted to the city council.

The city auditor may, with the approval in each instance of the mayor and the finance commission, at any time make transfers from the appropriation for current expenses of one division of a department to the appropriation for current expenses of any other division of the same department and at any time with the approval of the mayor and city council from the reserve fund to any appropriation for the current expenses of a department; and may also, with the approval of the mayor and the finance commission, at any time between December first and February first, make transfers from any appropriation to any other appropriation; *provided, however*, that no money raised by loan shall be transferred to any appropriation from income or taxes. He may also with the approval of the mayor and finance commission apply any of the estimated income and taxes not disposed of in closing the accounts for the financial year in such manner as he may determine.

Respectfully submitted,

MICHAEL H. SULLIVAN, *Chairman.*

COURTENAY GUILD.

JOHN F. MOORS.

JAMES M. MORRISON.

J. WALDO POND.

The Finance Commission.

The Commonwealth of Massachusetts

ANNUAL REPORT

OF THE

BOSTON FINANCE COMMISSION

FOR THE

YEAR ENDING JANUARY 31, 1923



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The Commonwealth of Massachusetts.

REPORT OF THE FINANCE COMMISSION.

BOSTON, Jan. 31, 1923.

To the Honorable the Senate and House of Representatives in General Court assembled.

In accordance with section 18 of chapter 486 of the Acts of 1909, the Finance Commission submits its annual report for the year 1922-23.

I. ORGANIZATION OF THE COMMISSION.

There has been a change in the personnel of the Commission this year. James M. Morrison resigned on account of ill health on July 10, 1922, and Charles L. Carr was appointed by the Governor to serve in his place and qualified on Dec. 21, 1922.

II. APPROPRIATIONS AND EXPENDITURES.

The appropriation of the Commission is \$35,000, exclusive of the salary of the chairman, which is \$5,000. The Commission has petitioned the Legislature for an increase in its appropriation from \$40,000 to \$50,000, in order to carry on its work effectively. It anticipates that this increased sum will be necessary to make the studies and investigations which it now has on its calendar.

The expenditures of the Commission during the year were as follows:—

Total regular net appropriation \$40,000 00

Expenditures:

Salaries, permanent employees	\$22,657 50	
Salaries, temporary employees	1,777 34	
Printing and binding	16 25	
Postage	31 19	
Transportation	59 67	
Light and power	73 17	
Rent	5,005 00	
Communication	367 21	
Cleaning	55 00	
Experts' services	270 44	
Fees, service of venires, etc.	789 44	
Public stenographers	1,017 66	
Blueprinting	20 05	
General plant	72 82	
Furniture and fittings	51 00	
Office equipment	6 25	
Library equipment	135 63	
Office supplies	257 93	
Ice	24 00	
Special investigations	4,334 14	
	<hr/>	37,021 69
Balance		\$2,978 31

The expenditures under the special appropriation for pension investigation were as follows: —

Total net appropriation	\$9,000 00
Expenditures, 1921-22, as reported	1,539 86
	<hr/>
Balance Feb. 1, 1922	\$7,460 14

Expenditures, 1922-23:

Experts' services	\$7,420 58	
Communication	4 01	
Rent (room for conference with city employees)	7 00	
Printing	21 25	
Copy of minutes of pension hearing of City Council	6 66	
	<hr/>	7,459 50
Balance		\$0 64

III. THE WORK OF THE COMMISSION.

During the year the Commission has held 152 meetings and hearings, of which 18 were public hearings. There were 230 witnesses examined.

All the members of the Finance Commission except the chairman serve without pay. The meetings of the Commission have been attended by every member, except in cases where sickness or other imperative reasons have prevented some members from attending.

The Commission has issued 42 reports and communications, of which 19 were published and 23 unpublished.

The published reports were as follows: —

1922.

- Feb. 9. The Mayor. — Regarding the present accounting system of the city.
- Mar. 4. The Mayor. — Regarding defects in form of contract for the purchase of crushed stone.
- Apr. 7. The Mayor. — Regarding use of the city's plants and shrubs for private decoration, and rebates on charge for use of the city's halls for private entertainments.
- Apr. 7. The Senate. — Opposing House Bill No. 1486, providing for borrowing \$300,000 outside the debt limit for a bathhouse and bathing beach at Jeffries Point.
- Apr. 8. The General Court. — Résumé of the pension act (House Bill No. 57) of the Finance Commission.
- May 12. The Mayor. — Regarding use of a paving material, known as "Soilamies," by the public works department.
- June 20. The Mayor. — Regarding artificial stone sidewalks on Ashfield, Congreve, Hastings and Walk Hill streets, West Roxbury.
- July 18. The Mayor. — Regarding proposed widening of Province Street.
- July 20. The Mayor. — Regarding proposed widening of Province Street.
- Aug. 5. The Mayor and City Council. — Regarding the acceptance of chapter 521 of the Acts of 1922, providing for pensions for city employees.
- Aug. 11. The Mayor. — Opposing approval of chapter 207 of the Acts of 1922, providing for the payment of the claim of the Atlas Construction Company.

1922.

- Oct. 11. The Mayor. — Regarding methods of administration in the water income branch of the water service of the public works department.
- Oct. 18. The Mayor. — Regarding contracts for cleaning water mains and for water waste.
- Nov. 2. The Mayor. — Regarding purchase of steam road roller with scarifier by the supply department for the public works department.
- Nov. 13. The Mayor. — Regarding the overseeing of the public welfare department.
- Dec. 19. The Mayor and City Council, the Governor and the General Court. — Regarding the sale of the property of the Congregation Beth Israel on Baldwin Place to the city of Boston and charges made in connection therewith.

1923.



- Jan. 9. The Mayor. — Regarding investigation of the widening of Stuart Street.
- Jan. 26. The Mayor. — Regarding the contract for cleaning water mains, awarded to the National Water Main Cleaning Company.
- Jan. 30. The Mayor. — Regarding the award of advertised contracts to other than the lowest bidders.

The unpublished reports and communications were as follows: —

1922.

- Feb. 3. Committee on Metropolitan Affairs. — Regarding the proposed auto tunnel under Beacon Hill.
- Feb. 24. Committee on Municipal Finance. — Refixing the tax limit of Boston.
- Mar. 1. Committee on Cities. — Opposing Senate Bill No. 207, providing for payment of a sum of money to Olive P. Gately.
- Mar. 10. The Mayor. — Regarding reports on budget estimates of departments.
- Mar. 10. The Mayor. — Regarding alleged extension of employment at Deer Island of George N. Harlow.
- Mar. 10. The Mayor. — Regarding changes which should be made in specifications for repairing bituminous pavements.
- Apr. 1. The Mayor. — Transmitting reports on budgets of sewer, sanitary, street cleaning and oiling, bridge and ferry services of the public works department.
- Apr. 5. The Mayor. — Regarding award of contract for laying water pipes in Balsam Street, Dorchester, and other streets, to the second lowest bidder.

1922.

- Apr. 27. The Committee on Rules of the House of Representatives. — Regarding the high-pressure fire service.
- May 5. The Mayor. — Regarding advertising and award of contracts for bituminous road binders.
- May 13. The Mayor. — Reply to mayor's letter of May 10, criticising report of Commission in regard to advertisements for bituminous road materials.
- May 16. The Mayor. — Recommending that contractors be required to furnish granite blocks required for their contracts.
- May 17. The Mayor. — Regarding extension of six rooms in contract for new Public Latin School, and award to the George A. Fuller Company.
- May 18. The Mayor. — Replying to the mayor's request of May 5, for specifications to be submitted by the Commission's consulting engineer for the public works department.
- June 27. The Mayor. — Regarding invitation to conference in relation to the employment of an inspection force.
- June 28. The Mayor. — Regarding the refuse disposal contract.
- July 6. The Mayor. — Regarding length of time allowed from date specifications are available and the opening of bids for contractors to prepare their estimates.
- Aug. 11. The Clerk of the Superior Court for Criminal Business. — Regarding proposed investigation of his office.
- Aug. 15. The Chairman of the Schoolhouse Commission. — Regarding the taking of land for schoolhouse site in the Bennett School District.
- Aug. 18. The District Attorney of Suffolk County. — Regarding violation of the charter amendments by Councilman James T. Moriarty.
- Aug. 18. The Mayor. — Regarding the acceptance of chapter 521 of the Acts of 1922, providing for pensions for city employees.
- Sept. 12.  The Secretary of the Commonwealth. — Regarding the placing of the request for equal pay for equal work for school teachers on the ballot.
- Dec. 19.  The District Attorney of Suffolk County. — Regarding the sale of the property of the Congregation Beth Israel on Baldwin Place to the city of Boston and charges in connection therewith.

1923.

- Jan. 26.¹ The General Court. — Regarding the contract for cleaning water mains, awarded to the National Water Main Cleaning Company.
- Jan. 30.¹ The General Court. — Regarding the award of advertised contracts to other than the lowest bidders.

¹ The same reports were sent to the mayor and were published.

RÉSUMÉ OF THE IMPORTANT PARTS OF THE YEAR'S WORK.

1. *Contributory Retirement Benefits for City and County Employees.*

The Finance Commission filed in the Legislature of 1921 a bill for the establishment of a uniform contributory retirement system for employees of the city of Boston and the county of Suffolk. This bill, after extensive hearings, was passed by both the House of Representatives and the Senate, but was returned to the House and Senate with a special message from the Governor that policemen be excluded from the provisions of the bill. This request of the Governor was made on the representations of the then Police Commissioner of the city of Boston that the inclusion of policemen in the bill would retard the recruiting of the force with proper men and would create dissatisfaction, because two pension systems would then be established for Boston policemen, viz., the already established, non-contributory system and the proposed contributory system.

The Senate followed the Governor's suggestion and amended the bill by excluding policemen from its provisions. The House of Representatives, however, refused to exclude policemen from the provisions of the bill. Conference committees were appointed by both bodies, and while they were in session the Legislature was prorogued.

The Finance Commission felt, notwithstanding the failure to pass the pension bill, that it should continue its study of the matter. It was determined to ascertain the cost to the city of the system proposed. During the legislative session of 1921 the Commission had not sufficient time to find out the cost of a municipal pension system for Boston. Data were therefore gathered, covering the age, sex, department, rank, length of service and salary of every employee in the city of Boston and the county of Suffolk. This information was forwarded to the New Jersey Bureau of State Research for computing the cost of the system to the city of Boston. The work was completed about the time the Legislature of 1922 convened, and the Finance Commission again filed a bill, practi-

cally identical with the bill that passed both branches of the Legislature in 1921. The personnel of the Legislature of 1921 and 1922 was practically unchanged. The Commission therefore had not lost the advantage of its previous year's work before the members of the legislative committee which considered the bill.

The 1921 and 1922 pension bills of the Finance Commission included all the employees of the city and the county, except school teachers, on the pay rolls of the city of Boston. The school committee petitioned this legislative committee to amend the bill so as to include the school teachers of Boston. A few other unimportant amendments were finally made to the bill, but without changing it in any material way. It then passed both branches of the Legislature, and, after hearing those opposed to the bill, the Governor approved it on June 8, 1922.

The opposition to the bill came chiefly from a small group of the women elementary school teachers, the Police Commissioner of the city of Boston and certain advocates of old age pensions.

The act provided for approval by the city council and the mayor of Boston before it took effect. The opponents of the bill then carried their opposition to the city authorities and several public hearings were held: first, before the Council, which finally gave its approval; then, before the mayor. The mayor gave his approval on Aug. 22, 1922. Thereafter, the mayor appointed Wilfred J. Doyle, assistant city clerk, a member of the Retirement Board, who with the city treasurer (who is also a member of the board by virtue of his office) appointed the third member, J. George Herlihy. Since the organization of the Retirement Board in October, 1922, it has been engaged in arranging the machinery and details of putting the system into operation on Feb. 1, 1923, as provided in the law.

The retirement system is only compulsory on those who enter the city or the county service after Feb. 1, 1923. All those who are in the city or the county service on Feb. 1, 1923, may under certain conditions become members of the system also, but it is entirely optional. The Finance Com-

mission has every confidence that this retirement system will benefit both the city and the employees who enter the system.

For the future there will be uniformity of pension treatment for city and county employees. The city and the employee will co-operate in providing an allowance for the employee upon retirement. The departments of the city and the county under this law will be enabled to retire from the service those who have become inefficient for any reason after the age of sixty. No one, excepting judges of the court and school teachers under certain conditions, may remain in the employ of the city or the county after reaching the age of seventy. These two exceptions are made because of a constitutional prohibition in the case of judges and of a regulation of the school committee of the city of Boston, which wisely provides that teachers reaching the age of seventy after the beginning of the school year should not be retired until the end of the year, in order that the work which they have begun with their pupils may not be interrupted by change of teacher.

While the bill was pending in the Legislature of 1922, the Carnegie Fund for the Advancement of Teaching commented on it, as follows: —

1. The bill, if passed, will give Boston the best pension system in the country.

2. It is entirely sound in its provisions for accrued liabilities.

3. It is based on the savings bank principle and contributors are assured of the retirement allowance promised. In this the system will be superior to the system in New York City and its imitators, in which an element of speculation is introduced because the allowance is based on a proportion of future salary.

4. The proposed system is superior to the Massachusetts system in adopting for the city the reserve basis on which the city makes its contributions each year instead of at the time when the members retire.

5. The bill if passed will undoubtedly establish a model system for the whole country for clearness, simplicity and soundness.

The mayor of the city now proposes to amend the law by providing a minimum retirement allowance of \$480 for every employee after fifteen years or more of service (*cf.* House Bill No. 382). The Finance Commission is opposed to this amendment because it destroys the uniformity of benefits. Under

the law as passed last year pension allowances are based entirely upon the amount of the accumulated contributions of a member for every year of service. The proposed amendment would permit employees who began to work for the city at any age from forty-five to fifty-five to be retired at sixty, or any intervening year up to seventy, after fifteen years of service, with a retirement allowance larger than those who enter the employ of the city at an earlier age would receive for an equal period. This amendment would raise up a preferred class which the city by law would be recognizing as entitled to more than their fellow workers, because they happened to enter the city's employ at a later age rather than an earlier age.

It is difficult for the Finance Commission to see the purpose or reason for this amendment. The retirement system which goes into operation Feb. 1, 1923, is in no sense or degree a charitable matter. It does not in any of its phases take into consideration the amount that an employee may receive upon retirement, except the provision that the city itself shall never pay to a retired employee a sum in excess of 50 per cent of the employee's average salary for the five years preceding his retirement.

The Commission believes that such an amendment would destroy the fundamental structure of the present pension system, and would be the source of dissatisfaction to a large portion of the city employees.

There are approximately 1,500 city and county employees, sixty or more years of age, who are eligible for retirement. If these employees or any part of them are retired, their places should not be filled by new appointees until a thorough study is made of each department's organization and personnel.

2. *Improved Methods in the Collecting Department.*

The Commission has been endeavoring for many years to have the city of Boston adopt in its departments time and labor saving devices. In the treasurer's office the method of paying monthly salaries by check has been adopted in part, and addressograph machines for making out both salary checks and monthly checks to merchants dealing with the city are in use.

The present collector has shown a disposition to welcome suggestions for improving the methods of his office. In order to expedite the work of his department the Finance Commission, after a study of the manner in which tax, water and other bills were delivered, recommended that a postage meter mailing machine be purchased. The collector purchased such a machine and has written the Commission that —

There has been a tremendous saving of time since the acquisition of the new machine, which can seal and stamp approximately 15,000 envelopes per hour, and a further saving of stamps because of the new rule forbidding private mail of employees from being put through the machine.

3. *Use of City Property for Private Affairs without Payment.*

For many years a practice had developed in the park department of permitting the use of the city's plants and shrubbery at private entertainments. To insure the safety of the city's property when thus loaned, the park department transported this property to and from the places of exhibition, even supplying a custodian of the property while so loaned, and in cold weather furnishing heated trucks for transportation. The cost of this service of the city for private purposes was estimated by the park department at \$5,000 annually.

The Commission, at the request of the mayor, investigated the matter and recommended that it be discontinued.

The practice has also grown up in the public buildings department of allowing the free use of the halls and gymnasias in municipal buildings. In many cases the use of the gymnasias by private organizations has interfered with the regular public programs. In some cases fees had been established for the use of municipal buildings by private parties, but in many cases these fees for various reasons were waived. Moreover, the fees that had been established for the private use of municipal buildings, the Finance Commission found, were not sufficient to cover even the cost of heat, light and janitor service. The Commission recommended that the superintendent of public buildings draw up a schedule of fees for the use of the buildings, based upon the cost of heat, light and janitor services, and that when so established no deviation therefrom should be allowed.

4. *Attempted Violation of the City Charter by the City Council.*

In August, 1922, the city council attempted to set aside the provisions of the charter, which had transferred to this Commission the duty of investigating city and county affairs. The city council passed an order for an investigation by the council of the administration of the office of the clerk of the Superior Court for Criminal Business. The Finance Commission thereupon sent to the city council a copy of an opinion rendered by the late Corporation Counsel Thomas M. Babson, to the effect that the charter amendments of 1909 had transferred all investigative powers from the city council to the Finance Commission. The city council did not go on with its proposed investigation.

During its examination of this matter, the Commission learned that Councilman Moriarty had visited the clerk of the Superior Court for Criminal Business in behalf of a candidate for a position in that department. Such action on the part of the city councilman was a direct violation of chapter 486 of the Acts of 1909, and rendered him liable upon conviction to a fine of \$1,000 or imprisonment for one year, or both. The facts in the case were taken verbatim by the Commission and transmitted to the district attorney.

5. *The Public Works, Park and Supply Departments.*

Two reports were issued during the year, dealing with contracts made and work done under them during the administration that ended Feb. 1, 1922.

"Soilamies" Cement. — Early in the spring of 1922 the Finance Commission learned that extensive experimental work had been done in connection with the contract for resurfacing portions of North Beacon Street in the Brighton district. The contractor had been required to substitute for Portland cement concrete as a foundation a material called "Soilamies." This material, it was claimed, could be mixed with any earthy material constituting the surface of old streets, such as clay, sand or gravel, and would produce a suitable substitute for Portland cement concrete in street construction. The contractor had been relieved of his responsibility under his five-

year guaranty for the section of the street in which "Soilamies" was used.

As the "Soilamies" foundation did not harden sufficiently to form an adequate foundation for the bituminous surface, the Finance Commission had analyses made to determine the nature of the material. These analyses indicated that the "Soilamies" cement was a mixture of ordinary Portland cement and either washing soda or soda ash.

The Finance Commission recommended to the mayor and the commissioner of public works that the city secure a guaranty from the proprietors of "Soilamies," to protect the city in case the experiment was not successful. This recommendation was accepted and a guaranty demanded. The proprietors of "Soilamies" were either unwilling or unable to furnish the necessary bond, and as a result the material was removed and Portland cement concrete substituted, as provided in the contract. The cost of this experiment to the city was \$3,760.

Artificial Stone Sidewalks. — Complaints of property owners on Hastings Street, West Roxbury, caused an examination of the work done under a contract for the construction of 4,712 square yards of artificial stone sidewalks on Hastings, Ashfield, Congreve and Walk Hill Streets, West Roxbury. This examination indicated that the requirements of the specifications had been departed from in practically every way possible, particularly as regards the quality of the concrete used in the sidewalks. Except in very small areas none of the concrete base was of the quality required by the specifications, and in a very large part of the areas examined no cement whatever had been used.

This matter was called to the attention of the mayor and the commissioner of public works, and the contractor was required to make replacements of the areas that had already begun to break up. These areas constitute only a small portion of the total defective area. Unless all the defective areas are replaced before 1925, when the contractor's guaranty expires, the cost of replacing this imperfect work will be borne by the city.

Although the failure of the city inspectors to prevent this defective work constitutes the most flagrant example of in-

efficiency and neglect of the city's interests that has been brought to the attention of the Finance Commission in proportion to its size, yet no adequate penalty was imposed on any of them.

Bituminous Street Pavements. — On May 5 the mayor requested the Finance Commission to prepare and submit such standard specifications for use in the public works department "as in the opinion of its consulting engineer would be beneficial to the city." As a result of this request a recommendation was submitted that the paving specifications provide for the use of bituminous concrete such as had been recommended by a committee of the American Society for Municipal Improvements, and practically the same as used in several States and cities. This specification was intended to replace the specifications for the so-called Topeka type of bituminous pavement.

The recommendation was not accepted, but the Topeka type of pavement was eliminated from city contracts, together with all other bituminous concrete mixtures, except Warrenite-Bitulithic. Except in a single case, bids were asked in competition for only two types of bituminous sheet pavements, — sheet asphalt and Warrenite-Bitulithic. Although in the larger number of cases the lowest bids received were for sheet asphalt, contracts were awarded for Warrenite-Bitulithic at a much higher price. Of the total area of bituminous pavements of the types under consideration contracted for during the year by the public works and park departments, 220,405 square yards were Warrenite-Bitulithic and 55,111 square yards sheet asphalt. This discrimination resulted in an increased cost to the city in excess of \$37,000.

Purchase of Bituminous Materials. — On May 5 a report was submitted to his honor the mayor, relating to specifications and form of contract for securing an annual supply of bituminous material for street construction.

The bids already opened were for quantities of several different materials used for the same purpose, for example, refined tar, natural asphalt and oil asphalt. They also required so-called cold-patch material of a type for which there could be practically no competition. The Finance Commission recommended that the lowest bid for oil asphalt be accepted, but that bids for natural asphalt and refined tar be rejected,

and that bids be advertised for an additional quantity of oil asphalt. It was also recommended that the specifications for cold-patch material be changed so as to admit all types of cold-patch material. These recommendations were accepted, with considerable financial saving to the city, and it is believed that a better quality of work has been secured.

Crushed Stone Specifications. — Early in the year the Finance Commission received information that the crushed stone being used for surfacing streets was in some cases of improper quality. An examination was made of all of the quarries furnishing crushed stone to the city, and tests to determine the essential quality of the stone from each quarry were made in the laboratory of the Bureau of Roads and Rural Engineering of the National Department of Agriculture at Washington. As a result of these tests, it was found that there was marked difference in the hardness and toughness of stone from different quarries. Changes in the contracts under which stone was secured were recommended, so that responsibility could be definitely placed and stone of a standard quality secured. The purchase of apparatus for making the necessary tests was also recommended.

The recommendations were apparently all accepted. Changes were made in the contracts so that the responsibility for inspection was definitely placed, and testing apparatus was installed in the city's laboratory. The standards of the quality of the stone required were made so low by the commissioner of public works, however, as to allow the use of stone from practically all of the quarries in the city. Moreover, no tests were made by the public works department of stone furnished the city, and the benefits it was hoped would be derived from the changes recommended have not been realized.

Garbage Disposal Contract. — On May 8 the Finance Commission received a written request from the mayor that it report on the city's rights and responsibilities under a contract between the city of Boston and Coleman Brothers, Inc., for the disposal of garbage and refuse for the ten years from July 1, 1922; and to report specially upon dumping privileges, maintenance of plant, and the city's liability as to providing for the equipment of the contractor.

Shortly after this request, the mayor issued a statement, which was published in the daily press, claiming that the city would be obliged to expend the sum of \$160,000 to repair the buildings owned by the city at Spectacle Island and install equipment therein.

The Finance Commission, after an examination, reported that in its opinion the city was under no obligation, under its contract, to expend any money for dumps, plant, housing or equipment, beyond delivering to the contractor the buildings and wharves as vacated by the present contractor and in such condition as they may then be found.

Cleaning Cast-iron Water Mains. — Previous to the present administration a number of small contracts were entered into with a New York firm specializing in cleaning cast-iron water pipes. The Finance Commission recommended to the present mayor that in the future such work, if necessary, be done by the force of the public works department, unless much lower prices than were obtained in previous contracts were secured from contractors. This recommendation was assented to and suitable instructions given to the commissioner of public works. Nevertheless, a contract for cleaning approximately 7,200 feet of water pipes was soon advertised, and the only bid received was from the same New York firm that did the work under the previous administration. On the completion of this contract a larger contract, for 69,020 feet of 12-inch pipe, was awarded to the same contractor. The Finance Commission placed an inspector on the work to determine the actual cost to the contractor, and found the actual cost to be approximately \$5,277, not including salaries of corporation officers, New York office expenses, cost of promotion, and similar expenses. The amount paid to the contractor was \$24,847.20, indicating a profit of approximately 371 per cent.

Purchase of Steam Road Roller. — June 17, 1922, the superintendent of supplies advertised bids for the purchase of "one scarifying road roller" for the public works department. No specifications were furnished to bidders. As a result bids were received for rollers of different types and weights. None of the bids received were accepted, but a contract was awarded for furnishing a steam roller, not at the time built, to a com-

pany which specialized in the construction of gasoline motor propelled rollers. This company had manufactured very few steam rollers. The price paid for the roller was \$5,880, although the lowest bidder, one of the oldest and most reliable manufacturers of steam rollers, submitted a bid of \$3,752.50 for a roller of similar design and somewhat greater weight.

The roller was not received until September 22, too late to have given much efficient service during the street construction season, even had it proved efficient in operation. The roller was operated not more than one week, on account of breakdowns and time necessary for making repairs. It is now in a city yard in a dismantled condition and its disposition is uncertain.

No adequate explanation for the peculiar operations connected with this purchase has been offered.

Contracts awarded to Other than the Lowest Bidders. — A study has been made of the unusual number of advertised contracts that were awarded to other than the lowest bidders. A report giving results of this study was issued January 30.

Of a total of 63 contracts examined, it is believed that as regards 41 the official reasons for the awards were not adequate to justify the rejection of the low bidders.

The estimated unnecessary cost to the city on account of these awards is \$69,129.67. In this amount is included the greater part of the \$37,000 estimated in a previous paragraph as the loss on account of contracts for bituminous street payments.

The Water Meter Contract. — In April, 1922, the supply department advertised for bids for water meters and received seven bids. Thereafter and before awarding the contract, the superintendent of supplies requested two of the bidders to give a position to John J. O'Hara, who had been appointed superintendent of printing by the mayor, but who failed to be confirmed by the Civil Service Commission. These requests were refused by both bidders. All bids were then rejected and the proposals readvertised. Again the lowest bidder was rejected, on the ground that his meter did not fulfill the requirements of the specifications, and the second lowest bidder was given the contract. The second lowest bidder on the second competi-

tion was the lowest bidder on the first competition. Mr. O'Hara, however, did not receive a position with any water meter company.

6. *The High-pressure Fire Service.*

During the legislative session of 1922, Mayor Curley presented a bill to authorize the city of Boston to borrow \$2,000,000 outside the debt limit for the purpose of completing the high-pressure fire service. The Finance Commission opposed the bill on the ground that the amount of money requested was not necessary.

In January, 1922, two-thirds of the high-pressure fire service of the original plan had been completed and only 6 miles of pipe remained to complete the original layout. The National Board of Fire Underwriters had recommended that 1.3 miles of pipe be laid each year. The estimated cost of such annual extension is \$175,000. The borrowing capacity of the city within the debt limit at the time the mayor filed his bill was over \$1,000,000. The Finance Commission could see no reason for the city not exercising its right to borrow within the debt limit to provide sufficient money for this annual extension.

The bill failed to pass. The extension of this service was carried on by transfer of \$100,000 from the water income division.

7. *Bathhouse at Jeffries Point.*

A bill was submitted to the Legislature of 1922 to authorize the city of Boston to borrow \$300,000 outside the debt limit to establish a bathing beach and bathhouse at Jeffries Point, East Boston. The Finance Commission opposed this bill on the ground that the city should not borrow money outside the debt limit for such a purpose.

The Commonwealth at that time was engaged in extensive developments of the East Boston water front and had made plans for leaving an area of water between the westerly end of its development and private property, so as to furnish access from the inner harbor to large mercantile and manufacturing establishments on the East Boston water front. The Commonwealth's plan called for the discharge of a proposed sewer

near the point where the bathing beach was to be built. The Commission believed it was doubtful whether the health department under such circumstances would permit bathing within an area containing such small water circulation. The bill did not pass.

8. *Attempt to widen Province Street.*

It has been the custom for the city to appropriate annually from loans approximately \$800,000 for the purpose of laying out, constructing and widening streets. Extensive street widenings in the business districts, like Stuart and Avery streets, usually have been made from loans authorized outside the debt limit. When street construction for the year 1922 was being planned by the street commissioners, no extensive street widenings were considered and no legislation was sought to obtain money by loan outside the debt limit for street widening.

Late in June, 1922, the mayor decided that Province Street, a narrow street running from Bromfield Street to School Street, should be widened to 50 feet. The borrowing capacity of the city at the time was only \$482,050.65. The chairman of the street commissioners testified before the Finance Commission that the widening of this street to 50 feet would cost about \$1,000,000. There was not money enough available within the borrowing power of the city to order a widening of this street at that time. The establishment of a building line was thereafter decided upon by the street commissioners, based on a loan of \$250,000, although they knew, or should have known, that the establishment of a building line at that time was equivalent in the matter of damages to an actual taking, because the completion of a theatre building, then partly constructed, was stopped. The owner of this theatre building was awarded damages in the sum of \$78,515, and has accepted this amount, *pro tanto*. Moreover, no building line was established on any other property along Province Street, between School and Bromfield streets, except for a term of one year.

The Finance Commission is of the opinion that this attempt on the part of the street commissioners to widen a street at a cost in excess of the city's power to appropriate the necessary funds at the time to pay the expense of the same is illegal.

9. *The Baldwin Place Playground.*

The Finance Commission held an extensive hearing on the matter of the passage of the loan order by the city council for the establishment of a playground on Baldwin Place. The evidence taken at the hearing has been transmitted to the district attorney under an opinion of the Attorney-General.

10. *Confining Appropriations to Fiscal Year in which they were made.*

At the beginning of the present fiscal year the Finance Commission questioned the accuracy of the auditor's report, which showed a surplus of over \$2,000,000. It had been the custom of the city auditors for many years to pay indebtedness of one fiscal year with funds made available prior to the making of the regular appropriations for current expenses during the early part of the succeeding fiscal year. This led to the merging of fiscal years and rendered it difficult, if not impossible, to keep the expenditures of a given year within the appropriations of that year.

The Finance Commission petitioned the Legislature for authority for the city to borrow against the unpaid taxes of prior years a sum sufficient to discharge the indebtedness that had accumulated under this system in excess of appropriations (see chapter 286 of the Acts of 1922). This indebtedness has been established and paid under this authority. It amounted to \$2,278,229.24, and reduced the reported surplus of Feb. 1, 1922, from \$2,294,429.76 to \$15,800.52.

IV. RECOMMENDATIONS FOR LEGISLATIVE ACTION.

1. TO MAKE UNPAID WATER RATES LIENS ON REAL ESTATE IN THE CITY OF BOSTON.

Income from the water service of the public works department of the city of Boston is applied to the cost of maintaining the water division as well as meeting the actual water debt requirements and the assessments of the Metropolitan Water Board.

There should be a substantial surplus of water income every year, and this surplus, under the law, must be applied to the general debt requirements of the city. The prompt collection of water charges, therefore, means a lower tax rate.

About 70 per cent of the water now used in the city of Boston is on metered service. Bills for the metered service are sent out quarterly, credit being extended to the owner of the property for each quarterly period. Thus the city extends credit to the extent of several hundred thousand dollars. A transfer of property while this credit is outstanding usually results in a loss to the city, because the transfer of the property takes away from the city the opportunity of shutting off the water as a means of collecting the water rates. Water service may not be denied the new owner because his predecessor in ownership failed to pay for the water used by him. Recently it was found that there existed four thousand instances where the city suffered a loss varying from \$1 to \$100 because of the transfer of property by water users who had not paid their bills. A lien upon the real estate for these water charges would have avoided this loss to the city and would have made certain the payment of all water bills.

In August, 1922, the Finance Commission made an investigation of the outstanding balances of water rates and found that on Sept. 1, 1922, there were annual rates to the extent of \$163,863.79 due the city of Boston from 1915 to Sept. 1, 1922, and that there were \$556,191.28 on the metered rates due the city. The charges date back as far as 1912.

On Sept. 1, 1922, there were outstanding balances uncollected on water rates of \$720,055.07, and these charges remain uncollected for the last ten years.

In other States of the Union laws have been passed providing for liens on real estate for unpaid water bills. Thus the cities of New York, Albany, Jersey City, Providence, New Orleans and Cincinnati levy a lien upon the property situated in those cities for water bills unpaid after a definite date.

The Finance Commission recommends the enactment of legislation which will provide for the imposition of a lien upon real estate in the city of Boston for unpaid water bills.

2. TO FIX THE DATE OF THE CITY ELECTION.

In 1920 the biennial system of electing State officers took effect. This system did away with the necessity of holding State primary and State elections every year. State officers are now nominated and elected in the even numbered years. No State primary or State election is held in the odd years. By chapter 288 of the Acts of 1921 it is provided that the city election in the city of Boston shall be held on the first Tuesday after the second Monday in December. The mayor of the city is elected in the odd numbered years; thus, the present mayor was elected in 1921 and the next city election for mayor will occur in the year 1925.

Now that the State elections come every second year and the mayor is elected for four years, — his election coming in a year when there is no State election, — it leaves only the three city councilmen and not more than two school committee members to be elected in the year when the Commonwealth officials are elected. The ordinary expense for salaries of attendant officers and janitors for each election day is about \$17,752. There are other expenses, such as cartage, light, heat, rent, etc., which would bring the total to about \$20,000 to \$23,000.

If the municipal election in Boston were fixed for the same date as the State election, the city would save this latter sum.

Such a change would make less demands on the citizens in the matter of voting, and the election day would come at a time when the weather conditions are more dependable.

Respectfully submitted,

MICHAEL H. SULLIVAN, *Chairman*,
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COURTENAY GUILD,
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The Finance Commission.

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